

Registered No: 02354269

AMGEN LIMITED

Annual Report and Financial Statements  
31 December 2015

FRIDAY



\*A5GMLEU2\*

A01

30/09/2016

#100

COMPANIES HOUSE

# Amgen Limited

---

Registered No: 02354269

## **DIRECTORS**

J. P. Kearney  
C. I. McKinlay  
C. P. Walker

## **AUDITOR**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

## **BANKERS**

Citibank N.A.  
Citigroup Centre  
Canary Wharf  
London  
E14 5LB

## **REGISTERED OFFICE**

240 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0WD

## **COMPANY SECRETARY**

S. J. Hodges

# Amgen Limited

---

Registered No: 02354269

## STRATEGIC REPORT

As required by the amendments to the Companies Act 2006, the directors of Amgen Limited (“the company”) present their Annual Report containing a Strategic Report, Directors’ Report and the Financial Statements for the year ended 31 December 2015.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company’s principal activities during the year were the marketing of Neupogen®, Aranesp®, Neulasta®, Mimpara®, Vectibix®, Nplate®, Prolia® and XGEVA® in the United Kingdom and the European-wide clinical development of new proteins and small molecules. In 2015, two new molecules: Repatha® and Kyprolis®, received European Commission marketing approval and so began to be marketed as commercial products.

On 1 May 2015 the company acquired the trade, assets and liabilities of Onyx Pharmaceuticals Limited, a fellow group undertaking, for a consideration of £2,000 as part of a wider Amgen, Inc. group restructure. See note 22 for further details.

Revenue increased by 3% to £218,735,000 (2014: £212,295,000). Clinical development costs, which are recharged through a service fee arrangement to Amgen, Inc., the ultimate parent company and Onyx Pharmaceuticals, Inc., a fellow group undertaking, were the primary factor for the increase from the prior year; rising by 3% as the UK began supporting the global clinical trial activity of Onyx Pharmaceuticals, Inc. Commissionaire income received from Amgen (Europe) GmbH, a fellow group undertaking, has decreased 4% year on year as the split of costs between commercial and non-commercial products continues to show an increase in the costs allocated to non-commercial products (which are reimbursed through the service fee arrangement) compared with commercial products; being driven by the pre-commercial element of costs to launch Repatha® and Kyprolis®. Consequently, operating profit has increased 100% to £37,107,000 (2014: £18,526,000).

Gross product sales on which the company earns commission income, a major key performance indicator for the company, increased by 2% to £102,170,000 (2014: £99,819,000).

In 2015 over 17,000 (2014: 33,000) patients were recruited globally into Amgen clinical trials across 60 countries worldwide. In 2015, there has been an overall reduction in clinical trial activity with the close of the Fourier trial (27,000 patient trials) and this level of ongoing subjects and trial sites with which the company is involved will remain fairly constant going forward. The United Kingdom continues to be a key contributor to the Amgen, Inc. group’s (“the group”) international clinical trial programme and to participate in approximately 1 in 5 of the Amgen, Inc. group’s global clinical trials.

The average number of employees in the year decreased to 482 (2014: 528 employees) as a result of decreased global clinical activity in the year.

During the year the company transitioned from previously extant UK GAAP to FRS 101 “Reduced Disclosure Framework” and has taken advantage of the disclosure exemptions allowed under this standard. The company’s immediate and ultimate parent undertakings were notified and did not object to the use of the EU adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 23 to these financial statements.

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the business include the following:

- The majority of the company's income is derived from both the recharge of development expenditure to, and commission made on the sale of products developed and produced by, other group companies. The company's success, therefore, is partially dependent on the continuing success of the Amgen, Inc. group as a whole.
- The company operates in a competitive environment and additional competitors may enter the market.
- The company's success depends on its ability to attract and retain key staff.
- The company operates in a highly regulated environment; changes to these regulations may impact upon the business.
- The company's liquidity and cash flow risk is managed on a global basis through the ultimate parent company's treasury function.

### FINANCIAL RISK MANAGEMENT

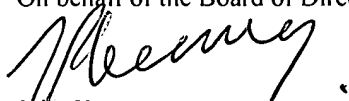
#### *Currency risk*

The directors acknowledge that there exists a foreign exchange risk at the company level. Foreign exchange risk for the Amgen, Inc. group is managed at group level.

#### *Liquidity and interest rate risk*

The company principally finances its operations through cash generated from the Amgen, Inc. cash pooling arrangements. The board of directors monitor the level of cash on a regular basis and cash is invested so as to earn the maximum return whilst enabling the cash to be available to meet the company's liabilities as they fall due.

On behalf of the Board of Directors



John Kearney  
Director

Date: 29 September 2016

# Amgen Limited

---

Registered No: 02354269

## DIRECTORS' REPORT

The directors present their report and financial statements of the company for the year ended 31 December 2015.

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £29,324,000 (2014: £16,350,000). The directors carried forward profit and loss reserves of £43,970,000 (2014: £58,343,000). The company paid an interim dividend of £44,800,000 in the year (2014: £nil). The directors do not recommend the payment of a final dividend (2014: £nil).

## FUTURE DEVELOPMENTS

The market continues to mature for some of the company's products, for which there was greater competition from new competitor products resulting in increased price pressures. This has been offset by new products launched in recent years, and will be further mitigated by our emerging late-stage pipeline.

The directors are satisfied with the results for the year and are confident that future developments will continue to generate further profits.

## DIRECTORS

The directors who held office during the year and to the date of this report, except as stated otherwise, are given below:

Dr J. R. M. Haigh (resigned 30 April 2015)

J. P. Kearney

C. I. McKinlay

A. Morrison (appointed 30 April 2015, resigned 10 July 2015)

C. P. Walker (appointed 15 March 2016)

## DIRECTORS INDEMNITY INSURANCE

The company has indemnified all directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

## GOING CONCERN

The activities of the company together with factors likely to affect its future development, performance and position are set out in the business review and principal risks and uncertainties in the Strategic Report on pages 2 and 3.

The company's profitability is due to a global transfer pricing agreement, therefore as part of the global Amgen, Inc. group, the directors have an expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

## CHARITABLE DONATIONS

During the year the company made various charitable contributions totalling £29,000 (2014: £70,000) to national charities.

## RESEARCH AND DEVELOPMENT

The role of the company in the development of therapeutics is to design and conduct clinical studies in human volunteers and patient populations to determine the safety and efficacy of novel product candidates. All research and development expenditure is recharged to Amgen, Inc. under the group's transfer pricing policy and therefore expensed in the Statement of Comprehensive Income.

## DIRECTORS' REPORT (continued)

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal meetings and the Staff Consultation Forum which provides staff and management representatives with a regular, structured opportunity to meet, share information and consult over appropriate company issues.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were members of the board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

## Amgen Limited

---

Registered No: 02354269

### DIRECTORS' REPORT (continued)

#### AUDITOR

In accordance with Section 485 of the Companies Act 2006, a resolution to dispense with the obligation to appoint auditor annually was passed on 24 August 1990. Accordingly Ernst & Young LLP shall be deemed to be reappointed as auditor.

On behalf of the Board of Directors



John Kearney  
Director

Date: 29 September 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMGEN LIMITED**

We have audited the financial statements of Amgen Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMGEN LIMITED (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Rachel Wilden (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Cambridge, UK

*30 September 2016*

## Amgen Limited

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Turnover</b>	3	<b>218,735</b>	212,295
Research and development expenditure, net	4	<b>(148,846)</b>	(153,637)
Exceptional item – restructuring costs	4	<b>(963)</b>	(2,892)
Other operating expenses		<b>(31,819)</b>	(37,240)
<b>OPERATING PROFIT</b>	4	<b>37,107</b>	18,526
Interest receivable on amounts due from fellow group undertakings		<b>203</b>	118
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>37,310</b>	18,644
Tax on profit on ordinary activities	6	<b>(7,986)</b>	(2,294)
<b>PROFIT FOR THE FINANCIAL YEAR, BEING TOTAL COMPREHENSIVE INCOME</b>		<b>29,324</b>	16,350

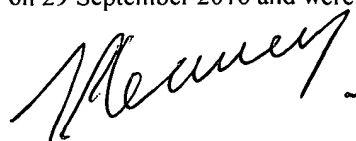
All of the activities of the company are classified as continuing.

# Amgen Limited

## STATEMENT OF FINANCIAL POSITION at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	2,502	2,795
Intangible assets	9	23	42
		<u>2,525</u>	<u>2,837</u>
<b>CURRENT ASSETS</b>			
Deferred tax asset	6c	3,070	3,704
Trade and other receivables	10	115,518	125,985
		<u>118,588</u>	<u>129,689</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Trade and other payables	11	(65,726)	(66,840)
Corporation tax payable		(3,160)	(1,565)
		<u>(68,886)</u>	<u>(68,405)</u>
<b>NET CURRENT ASSETS</b>		<u>49,702</u>	<u>61,284</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>52,227</b>	<b>64,121</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	(1,158)	(1,520)
<b>PROVISION FOR LIABILITIES</b>	13	(4,199)	(1,358)
<b>NET ASSETS</b>		<u>46,870</u>	<u>61,243</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2,900	2,900
Retained earnings		43,970	58,343
<b>SHAREHOLDERS' FUNDS</b>		<u>46,870</u>	<u>61,243</u>

The Annual Report and Financial Statements were approved by the Board of Directors and authorised for issue on 29 September 2016 and were signed on behalf of the Board of Directors by:



John Kearney

Director

## Amgen Limited

### STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2014	2,900	39,438	42,338
Profit for the financial year, being total comprehensive income	-	16,350	16,350
<b><i>Transactions with shareholders</i></b>			
Credit to equity for share based payments	-	3,801	3,801
Deferred tax charged directly to equity on share based payments (see note 6c)	-	(1,246)	(1,246)
<b>At 31 December 2014</b>	<b>2,900</b>	<b>58,343</b>	<b>61,243</b>
Profit for the financial year, being total comprehensive income	-	29,324	29,324
<b><i>Transactions with shareholders</i></b>			
Equity dividend paid (see note 15)	-	(44,800)	(44,800)
Credit to equity for share based payments	-	1,494	1,494
Deferred tax charged directly to equity on share based payments (see note 6c)	-	(391)	(391)
<b>At 31 December 2015</b>	<b>2,900</b>	<b>43,970</b>	<b>46,870</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

Amgen Limited ("the company") markets of Neupogen®, Aranesp®, Neulasta®, Mimpara®, Vectibix®, Nplate®, Prolia®, XGEVA®, Repatha® and Kyprolis® in the UK; and also performs research and development for other companies within the Amgen, Inc. group. The financial statements of the company for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 29 September 2016 and the Statement of Financial Position was signed on the board's behalf by John Kearney. Amgen Limited is incorporated and domiciled in England and Wales and the company's registered office is 240 Cambridge Science Park, Milton Road, Cambridge, CB4 0WD.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise stated.

The principal accounting policies adopted by the company are set out in note 2 below.

### 2. ACCOUNTING POLICIES

The following are the significant accounting policies applied by the company in preparing its financial statements.

#### *Basis of preparation*

The company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 23.

#### *Exemptions for qualifying entities under FRS 101*

FRS 101 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*;
- (c) the requirements of paragraph 33(c) of IFRS 5 *Non current Assets Held for Sale and Discontinued Operations*;
- (d) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (e) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (f) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
  - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*.
- (g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (h) the requirements of IAS 7 *Statement of Cash Flows*;

# Amgen Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 2. ACCOUNTING POLICIES (continued)

#### *Exemptions for qualifying entities under FRS 101 (continued)*

(i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;

(j) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;

(l) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(m) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

#### *Going concern*

The activities of the company together with factors likely to affect its future development, performance and position are set out in the business review and principal risks and uncertainties in the Strategic Report on pages 2 and 3.

The company's profitability is due to a global transfer pricing agreement, therefore as part of the global Amgen, Inc. group, the directors have an expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

#### *Foreign currency transactions and balances*

The company's financial statements are presented in Sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and all differences taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer hardware:	3 years
Leasehold improvements, furniture, fittings & equipment:	5-12 years (or lease term if shorter)

Depreciation is not charged until the assets are available for use.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and their residual values are reviewed annually and where adjustments are required these are made accordingly.

## Amgen Limited

---

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

#### 2. ACCOUNTING POLICIES (continued)

##### *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged so as to write off the cost of the asset over its estimated useful economic life, assessed by the directors on a case-by-case basis, as follows:

Computer software:	3 years
--------------------	---------

The amortisation charge is included within other operating expenses in the Statement of Comprehensive Income.

Provision is made against the carrying value of such assets when an impairment in value is deemed to have occurred.

##### *Intercompany and other receivables*

Intercompany and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Intercompany and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for uncollectable amounts. A provision for impairment is made through the Statement of Comprehensive Income when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote.

##### *Trade and other payables*

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

##### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credit or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income taxes is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, the same or different period, directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

**2. ACCOUNTING POLICIES (continued)**

***Pensions***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the Statement of Comprehensive Income in the year in which they become payable in accordance with the rules of the scheme.

***Share based payments***

Employees of the company are granted share options and restricted stock units in the ultimate parent undertaking, Amgen, Inc. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by means of an appropriate option pricing model for share options or the closing market share price of Amgen, Inc. common stock on the grant date for restricted stock units.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired. The movement in cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

***Clinical trial accruals***

Clinical trial costs are reviewed for changes in study activity and the resulting residual value is accrued over the duration of the treatment on a straight-line basis.

***Operating leases***

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the assets are classified as operating leases and rentals payable are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

***Cash at bank and in hand***

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance across the following activities:

- *Commissionaire income:* A commissionaire agreement is in place whereby the company acts as an undisclosed agent on behalf of the Swiss principal company, Amgen (Europe) GmbH. The commissionaire income is calculated to provide an arm's length return to the company commensurate with the commercial risk associated with the marketing and sale of the products.
- *Service fee:* The company is contracted by Amgen, Inc. to provide clinical development services. The costs associated with the provision of these services are recharged to Amgen, Inc. under the terms of a service agreement between the two companies.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

**2. ACCOUNTING POLICIES (continued)**

***Research and development expenditure***

Expenditure on the development of therapeutics, which is carried out on behalf of its ultimate parent undertaking, is expensed in the Statement of Comprehensive Income and recharged to the company's ultimate parent undertaking. The company does not incur expenditure on pure research activities and development expenditure which is not reimbursed.

***Research and development expenditure credit***

Where research and development expenditure meets the required criteria specified by the local taxation authority to qualify as "qualifying research and development" expenditure and therefore entitles the company to a credit then this amount is credited against research and development expenditure in the Statement of Comprehensive Income and debited against corporation tax payable in the Statement of Financial Position.

***Financial Instruments***

***i) Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset. The company's financial assets include cash and short-term deposits and trade and other receivables.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. Losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

***ii) Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

**2. ACCOUNTING POLICIES** (continued)

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

***Interest bearing loans and borrowings***

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

***Derecognition of financial liabilities***

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

**2. ACCOUNTING POLICIES (continued)**

***Judgements and key sources of estimation uncertainty***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

***Dilapidation provision:***

In calculating the dilapidation provision value with respect to premises rented under operating leases management has considered IAS 37 and the note the uncertainty of the timing and amount of any future payments that fall due. Calculations are based on estimates of costs on either a fixed or variable (by floor area) basis. Where actual dilapidation costs are known then these are used to update estimates.

***Share based payment charges:***

The estimated charges with respect to the various equity-based awards that are granted are calculated based on upon the assumption that all outstanding options at the balance sheet date will ultimately vest and the Amgen, Inc. closing stock price is used to estimate the value of outstanding options as at the balance sheet.

***Deferred taxation on share based payments:***

The calculation of deferred taxation arising on share based payments is calculated by a third party consultancy and relies on the same option vesting and valuation estimates as the share based payment charges themselves as noted above.

***Research and Development Expenditure Credit ("RDEC"):***

RDEC is estimated for each year based on provisional calculations of the amount of qualifying research and development spend in the year; these calculations are finalised subsequent to the signing of the financial statements.

***Clinical trial accruals:***

In order to estimate the value of accrued clinical trial spend attributable to the company as at the balance sheet date management rely on clinical trial cost trackers that record the number and value of purchase orders still open as at the balance sheet, with adjustments made for known amounts of spend made against purchase orders and/or where the ultimate cost of the purchase order will be less than the recorded amount.

## Amgen Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

#### 3. TURNOVER

Turnover is derived from the company's principal activities which, during the year, were the marketing of Neupogen®, Aranesp®, Neulasta®, Mimpara®, Vectibix®, Nplate®, Prolia®, XGEVA®, Repatha® and Kyprolis® in the United Kingdom and the European-wide clinical development of new proteins and small molecules which costs are recharged to the ultimate parent undertaking, Amgen, Inc. All turnover originates in the United Kingdom.

Turnover recognised in the Statement of Comprehensive Income is analysed as follows:

	2015 £'000	2014 £'000
Rendering of services	196,303	188,995
Sale of goods	22,432	23,300
Turnover from continuing operations	218,735	212,295
Finance revenue	203	118
Total revenue as per IAS 18	218,938	212,413

Turnover analysed by geographical area of destination is shown below:

	2015 £'000	2014 £'000
United States	195,700	188,304
Europe	23,035	23,991
Total	218,735	212,295

Turnover analysed by activity type is shown below:

	2015 £'000	2014 £'000
Service Fee	196,303	188,995
Commissionaire	22,432	23,300
Total	218,735	212,295

# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Auditor's remuneration:		
- audit of financial statements of the company	35	24
- PPRS reporting	10	13
- iXBRL	2	2
- IMI (Innovative Medicines Initiative) assurance services	5	-
Depreciation of owned property, plant and equipment	1,468	1,354
Amortisation of owned intangible assets	19	14
Operating lease rentals - land and buildings	3,324	3,306
- plant and machinery	916	618
Research and development costs	153,166	158,024
Research and development expenditure credit (RDEC)	(4,320)	(4,387)
	<b>148,846</b>	<b>153,637</b>
Restructuring costs - redundancies	963	2,892
Net foreign exchange losses on trading activities	771	252

### 5. STAFF COSTS

	2015 £'000	2014 £'000
Wages and salaries	40,992	50,737
Social security costs	4,808	5,223
Other pension costs (see note 18)	3,025	3,318
	<b>48,825</b>	<b>59,278</b>

Included in wages and salaries is a total expense of share based payments of £1,494,000 (2014: £3,801,000), all of which arises from transactions accounted for as an equity-settled share based payments. Also included in wages and salaries are redundancy costs of £963,000 (2014: £2,892,000).

The average monthly number of employees (including executive directors) during the year was as follows:

	2015 No.	2014 No.
General and administration	28	58
Research and development	354	392
Sales and marketing	100	78
	<b>482</b>	<b>528</b>

# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 5. STAFF COSTS (continued)

#### Directors' remuneration:

	2015 £'000	2014 £'000
Emoluments	600	767
Compensation for loss of office	453	-
	<u>1,053</u>	<u>767</u>
Gains made by directors on the exercise of share options	<u>1,246</u>	<u>130</u>
Company contributions paid to money purchase pension schemes	<u>22</u>	<u>30</u>
	No.	No.
Members of money purchase pension schemes	<u>2</u>	<u>1</u>
Number of directors who exercised share options	<u>3</u>	<u>4</u>
Number of directors who received shares (RSUs) in respect of qualifying services	<u>2</u>	<u>4</u>
	2015 £'000	2014 £'000
The amounts in respect of the highest paid director:		
Emoluments	<u>399</u>	<u>433</u>
Company contributions paid to money purchase pension schemes	<u>-</u>	<u>-</u>

The highest paid director exercised share options during the current and prior year and also received shares (RSUs and performance units) in respect of qualifying services in both years.

One (2014: two) of the directors of the company is also a director of fellow group undertakings. This director received total remuneration for the year of £403,000 (2014: £1,090,000), all of which was paid by fellow group undertakings. The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the company and their services as directors of fellow group undertakings.

# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### a) Analysis of tax charge for the year:

	2015 £'000	2014 £'000
Current tax:		
Corporation tax at 20.25% (2014: 21.49%)	7,846	2,394
Adjustments in respect of previous years	(103)	1,323
Total current tax	7,743	3,717
Deferred tax:		
Origination and reversal of temporary differences	173	(154)
Adjustment in respect of previous years	(234)	(1,269)
Effect of changes in tax rates	304	-
Total deferred tax (see note 6(c))	243	(1,423)
Tax on profit on ordinary activities recorded in the Statement of Comprehensive Income	7,986	2,294

#### b) Factors affecting tax charge for the year:

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	37,310	18,644
Profit on ordinary activities multiplied by standard rate	7,555	4,007
Effects of:		
Expenses not deductible for tax purposes	77	37
Research and development tax credit	-	(2,619)
Tax rate changes	304	-
Effects of group relief/other reliefs	(512)	-
Adjustments in respect of previous years	(562)	868
Total tax charge	7,986	2,294

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

c) Deferred tax asset:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
At 1 January	<b>3,704</b>	3,527
Deferred tax (charged)/credited to the Statement of Comprehensive Income	<b>(243)</b>	1,423
Deferred tax charged to equity	<b>(391)</b>	(1,246)
At 31 December	<b>3,070</b>	3,704

The deferred tax asset recognised comprises as follows:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Short term timing differences	<b>3,409</b>	4,207
Decelerated capital allowances	<b>(339)</b>	(503)
	<b>3,070</b>	3,704

The company has recognised a deferred tax asset as the directors consider that it is more likely than not that the asset will be recoverable in the foreseeable future against future taxable profits.

d) Factors affecting future tax charge:

The standard rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. Deferred tax has been calculated accordingly in these financial statements.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the Financial Year beginning 1 April 2017 and a further reduction to 18% for the Financial Year beginning 1 April 2020. These changes received Royal Assent on 18 November 2015. As these changes were substantively enacted at the balance sheet date deferred tax has been calculated accordingly in these financial statements. The Finance Bill 2016 provides for a further reduction in the corporation tax rate to 17% for the Financial Year beginning 1 April 2020. This change was substantially enacted on 6 September 2016. As this rate was not substantively enacted at the balance sheet date it has not been reflected in these financial statements. The impact of the future rate change is not considered to be material.



# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 7. SHARE-BASED PAYMENTS

Employees are granted share options and/or Restricted Stock Units (RSUs) and/or performance units in the ultimate parent company, Amgen, Inc. These share options and RSUs vest over a maximum period of 4 years from the date of grant. The expense recognised for share based payments, all equity settled, for the year amounted to £1,494,000 (2014: £3,801,000). The total share based payment charge is split between research and development expenditure of £1,220,000 (2014: £3,185,000) and other operating expenses of £274,000 (2014: £616,000).

During the year 27,000 (2014: 54,000) options were exercised with a weighted average exercise price of \$51.69 (2014: \$56.41). The range of exercise prices for options outstanding at the year-end was \$42.13 - \$62.63 (2014: \$42.13 - \$62.63). For the share options outstanding as at 31 December 2015, the weighted average remaining contractual life is 3.91 years (2014: 3.41 years).

The exercise price for performance units outstanding at the year-end was \$160.55 (2014: \$123.96) and for RSUs outstanding at the year-end was \$152.26 - \$176.59 (2014: \$111.41 - \$148.20). For the performance units outstanding as at 31 December 2015, the weighted average remaining contractual life is 2.14 years (2014: 2.18 years). For the RSUs outstanding as at 31 December 2015, the weighted average remaining contractual life is 4.95 years (2014: 5.08 years).

### 8. TANGIBLE FIXED ASSETS

	Computer hardware £'000	Assets in construction £'000	Leasehold improvements, furniture, fittings & equipment £'000	Total £'000
<b>Cost:</b>				
At 1 January 2015	2,699	185	17,683	20,567
Additions	-	602	573	1,175
Transfers	61	(544)	483	-
Disposals	(868)	-	-	(868)
<b>At 31 December 2015</b>	<b>1,892</b>	<b>243</b>	<b>18,739</b>	<b>20,874</b>
<b>Depreciation:</b>				
At 1 January 2015	2,177	-	15,595	17,772
Provided during the year	273	-	1,195	1,468
Disposals	(868)	-	-	(868)
<b>At 31 December 2015</b>	<b>1,582</b>	<b>-</b>	<b>16,790</b>	<b>18,372</b>
<b>Net book value:</b>				
At 31 December 2014	522	185	2,088	2,795
<b>At 31 December 2015</b>	<b>310</b>	<b>243</b>	<b>1,949</b>	<b>2,502</b>

# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 9. INTANGIBLE ASSETS

	<i>Computer software £'000</i>
<b>Cost:</b>	
At 1 January 2015	475
Disposals	(15)
<b>At 31 December 2015</b>	<b>460</b>
<b>Depreciation:</b>	
At 1 January 2015	433
Provided during the year	19
Disposals	(15)
<b>At 31 December 2015</b>	<b>437</b>
<b>Net book value:</b>	
At 31 December 2014	42
<b>At 31 December 2015</b>	<b>23</b>

The company has no restricted intangible assets as at 31 December 2015 (2014: £nil).

### 10. TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 £'000
Amounts owed by Amgen, Inc.	25,149	42,804
Amounts owed by Amgen Worldwide Services, Inc.	260	-
Amounts owed by Amgen (Europe) GmbH	2,324	1,636
Amounts owed by Amgen Global Finance BV	64,534	66,581
Amounts owed by Amgen Ireland Limited	-	236
Amounts owed by Biovex Limited	1	-
Amounts owed by Onyx Pharmaceuticals, Inc.	10,140	-
Other debtors	1,451	2,221
Prepayments and accrued income	11,659	12,507
	<b>115,518</b>	<b>125,985</b>

# Amgen Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 11. TRADE AND OTHER PAYABLES

	2015 £'000	2014 £'000
Trade creditors	5,068	1,919
Amgen Ireland Limited	85	-
Amgen SA	2,046	1,405
Amgen Hellas EPE	958	1,551
Other taxes and social security costs	550	362
Accruals and deferred income	56,301	58,809
Provisions (see note 13)	718	2,794
	<b>65,726</b>	<b>66,840</b>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Deferred income	<b>1,158</b>	<b>1,520</b>

The deferred income balance as at 31 December 2015 will be fully released to the Statement of Comprehensive Income between 1 January 2017 and 31 December 2021.

### 13. PROVISION FOR LIABILITIES

	Redundancy provision £'000	Dilapidations provision £'000	Total £'000
At 1 January 2015	2,794	1,358	<b>4,152</b>
Charge to Statement of Comprehensive Income	963	3,291	<b>4,254</b>
Utilised in the year	(3,489)	-	<b>(3,489)</b>
<b>At 31 December 2015</b>	<b>268</b>	<b>4,649</b>	<b>4,917</b>
Current (see note 11)	268	450	<b>718</b>
Non-current	-	4,199	<b>4,199</b>
	<b>268</b>	<b>4,649</b>	<b>4,917</b>

#### Redundancy provision

A provision was recognised in 2014 in relation to the redundancy costs of certain back office employee roles; this provision was fully utilised during the year ending 31 December 2015. Further redundancy costs were incurred in the year ended 31 December 2015 and the related provision is expected to be utilised during the year ending 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 13. PROVISION FOR LIABILITIES (continued)

#### Dilapidation provision

The provision in respect of the terminal dilapidations liability is based on a third party valuation report undertaken in June 2015. The provision has not been discounted as the directors consider the effect to be immaterial. The provision is expected to be fully utilised by 2021.

### 14. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised, allotted, called up and fully paid: 2,900,000 Ordinary shares of £1 each	2,900	2,900

### 15. DIVIDEND PAID

	2015 £'000	2014 £'000
Interim dividend paid of £15.45 (2014: £nil) per share	44,800	-

### 16. OPERATING LEASE COMMITMENTS

The company's key operating leases are for the rental of office premises in Cambridge and Uxbridge, UK which expire in 2016 and 2021, respectively. The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Within one year	2,957	313	3,930	601
Between two and five years	9,881	378	10,367	886
After five years	2,470	-	4,940	-
	15,308	691	19,237	1,487

### 17. CAPITAL COMMITMENTS

There were capital commitments as at 31 December 2015 of £78,000 (2014: £nil).

### 18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of certain of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and are disclosed in note 5. At 31 December 2015 outstanding pension contributions included in trade and other payables amounted to £nil (2014: £1,000).

## Amgen Limited

---

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

#### 19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Amgen Worldwide Holdings B.V., a company incorporated in the Netherlands.

The ultimate controlling party, ultimate parent undertaking and the parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are prepared which the company is a member is headed by Amgen, Inc., a company incorporated in the United States of America. Copies of Amgen, Inc. consolidated financial statements can be obtained from Amgen Limited, 240 Cambridge Science Park, Milton Road, Cambridge, CB4 0WD.

#### 20. RELATED PARTY TRANSACTIONS

In accordance with paragraph 8(k) of FRS 101, transactions with other wholly owned group undertakings of the Amgen, Inc. group have not been disclosed in these financial statements.

#### 21. OFF-BALANCE SHEET ARRANGEMENTS

The company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The company's lease rental expense for the year is disclosed in note 4 and the company's minimum lease commitments under these arrangements are disclosed in note 16. There are no other material off-balance sheet arrangements.

#### 22. ACQUISITION OF TRADE OF ASSETS

On 1 May 2015 the company acquired the trade, assets and liabilities of Onyx Pharmaceuticals Limited, a fellow group undertaking, that was subsequently wound up, for a consideration of £2,000. The fair value and book value of the trade, assets and liabilities acquired as at 1 May 2015 were as follows:

	£'000
<b>Assets</b>	
VAT receivable	3,676
	<u>3,676</u>
<b>Liabilities</b>	
Amounts owed to Onyx Pharmaceuticals, Inc.	(2,518)
Amounts owed to Amgen Global Finance B.V.	(862)
Corporation tax liability	(294)
	<u>(3,674)</u>
<b>Net assets</b>	<u><u>2</u></u>

## Amgen Limited

---

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

#### **23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101**

For all periods up to including the year ended 31 December 2014, the company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). These financial statements, for the year ended 31 December 2015, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

#### ***Exemptions applied***

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2015 year ends retrospectively. The company has taken advantage of the following exemptions:

- IFRS 2 Share based payment has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005. This treatment is consistent with the transitional provisions taken when the company adopted FRS 20, the equivalent standard.
- IFRIC 4 Determining whether an arrangement contains a lease has not been applied for arrangements existing at the date of transition as the determination was made at the inception of the arrangement. This treatment is consistent with the treatment adopted by the company under SSAP 21, the equivalent standard.

Amgen Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)

	2014 UK GAAP	IAS 17 – Reversal of UK GAAP deferred lease incentive	IAS 38 – Reclassificat ion of intangible assets	Total adjustments	2014 FRS 101
£'000s					
<b>Turnover</b>	212,409	(114)	-	(114)	212,295
Research and development expenditure	(153,736)	99	-	99	(153,637)
Exceptional item – restructuring costs	(2,892)	-	-	-	(2,892)
Other operating expenses	(37,263)	23	-	23	(37,240)
<b>OPERATING PROFIT</b>	18,518	8	-	8	18,526
Interest receivable on amounts due from fellow group undertakings	118	-	-	-	118
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INCOME TAX</b>	18,636	8	-	8	18,644
Income tax expense on ordinary activities	(2,294)	-	-	-	(2,294)
<b>PROFIT FOR THE YEAR</b>	16,342	8	-	8	16,350

Amgen Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)

£'000s	2014 UK GAAP	IAS 17 – Reversal of UK GAAP deferred lease incentive	IAS 38 – Reclassificat ion of intangible assets	Deferred tax impact of transitional adjustments	Total adjustments	2014 FRS 101
<b>FIXED ASSETS</b>						
Tangible fixed assets	2,837	-	(42)	-	(42)	2,795
Intangible assets	-	-	42	-	42	42
	<b>2,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,837</b>
<b>CURRENT ASSETS</b>						
Deferred tax asset	2,678	-	-	1,026	1,026	3,704
Trade and other receivables	126,099	(114)	-	-	(114)	125,985
<b>CREDITORS: Amounts falling due within one year</b>	<b>(68,173)</b>	<b>(232)</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>(68,405)</b>
<b>NET CURRENT ASSETS</b>	<b>60,604</b>	<b>(346)</b>	<b>-</b>	<b>1,026</b>	<b>(680)</b>	<b>61,284</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>63,441</b>	<b>(346)</b>	<b>-</b>	<b>1,026</b>	<b>680</b>	<b>64,121</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>(131)</b>	<b>(1,389)</b>	<b>-</b>	<b>-</b>	<b>(1,389)</b>	<b>(1,520)</b>
<b>PROVISION FOR LIABILITIES</b>	<b>(1,358)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,358)</b>
<b>NET ASSETS</b>	<b>61,952</b>	<b>(1,735)</b>	<b>-</b>	<b>1,026</b>	<b>(709)</b>	<b>61,243</b>



Amgen Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)

£'000s	2014 UK GAAP	IAS 17 – Reversal of UK GAAP deferred lease incentive	IAS 38 – Reclassificat ion of intangible assets	Deferred tax impact of transitional adjustments	Total adjustments	2014 FRS 101
<b>CAPITAL AND RESERVES</b>						
Ordinary shares	2,900	-	-	-	-	2,900
Retained earnings	59,052	(1,735)	-	1,026	(709)	58,343
<b>SHAREHOLDERS' FUNDS</b>	<b>61,952</b>	<b>(1,735)</b>	<b>-</b>	<b>1,026</b>	<b>(709)</b>	<b>61,243</b>

Amgen Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)

	1 January 2014 UK GAAP	IAS 17 – Reversal of UK GAAP deferred lease incentive	IAS 38 – Reclassificat ion of intangible assets	Deferred tax impact of transitional adjustments	Total adjustments	1 January 2014 FRS 101
<b>£'000s</b>						
<b>FIXED ASSETS</b>						
Tangible fixed assets	3,615	-	-	-	-	3,615
Intangible assets	-	-	-	-	-	-
	<b>3,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,615</b>
<b>CURRENT ASSETS</b>						
Deferred tax asset	2,607	-	-	920	920	3,527
Trade and other receivables	104,136	1,742	-	-	1,742	105,878
<b>CREDITORS: Amounts falling due within one year</b>	<b>(66,555)</b>	<b>(391)</b>	<b>-</b>	<b>-</b>	<b>(391)</b>	<b>(66,946)</b>
<b>NET CURRENT ASSETS</b>	<b>40,188</b>	<b>1,351</b>	<b>-</b>	<b>920</b>	<b>2,271</b>	<b>42,459</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>43,803</b>	<b>1,351</b>	<b>-</b>	<b>920</b>	<b>2,271</b>	<b>46,074</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>(636)</b>	<b>(1,742)</b>	<b>-</b>	<b>-</b>	<b>(1,742)</b>	<b>(2,378)</b>
<b>PROVISION FOR LIABILITIES</b>	<b>(1,358)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,358)</b>
<b>NET ASSETS</b>	<b>41,809</b>	<b>(391)</b>	<b>-</b>	<b>920</b>	<b>529</b>	<b>42,338</b>

Amgen Limited

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2015

23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)

£'000s	1 January 2014 UK GAAP	IAS 17 – Reversal of UK GAAP deferred lease incentive	IAS 38 – Reclassificat ion of intangible assets	Deferred tax impact of transitional adjustments	Total adjustments	1 January 2014 FRS 101
<b>CAPITAL AND RESERVES</b>						
Ordinary shares	2,900	-	-	-	-	2,900
Retained earnings	38,909	(391)	-	920	529	39,438
<b>SHAREHOLDERS' FUNDS</b>	<b>41,809</b>	<b>(391)</b>	<b>-</b>	<b>920</b>	<b>529</b>	<b>42,338</b>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

**23. RECONCILIATION FROM PREVIOUS EXTANT UK GAAP TO FRS 101 (continued)**

- **IAS 17 – Reversal of UK GAAP deferred lease incentive**  
Under previous UK GAAP, any deferred lease incentive was recognised up to the period of the first break clause/rent review, whereas under FRS 101, per IAS 17, the deferred lease incentive is spread over the full lease term. The deferred lease incentive in Amgen Limited is therefore subject to a GAAP difference and requires adjustment. For Cambridge, the cessation of the lease is the next lease event to which the second rent free period should run up to therefore no adjustment is made for the rent-free accrual in respect of Cambridge. For Uxbridge, under UK GAAP the rent-free accrual was released by the close of FY2010, which was the period of the first rent review & renewal. Therefore, the FRS 101 accrual in respect of Uxbridge is required to be reinstated into the accounts. Deferred income for the year has also been released through the FRS 101 books to the Statement of Comprehensive Income and therefore requires adjustment.
- **IAS 38 – Reclassification of intangible assets**  
Under IAS 38 Intangible Assets, computer software for Amgen Limited must be reclassified as an intangible asset as the software is not an integral part of related hardware.
- **IAS 12 – Income taxes**  
Under IAS 12 any temporary differences between the tax base and accounting base for items in the financial statements that have an impact on taxation give rise to a deferred tax asset or deferred tax liability. Differences in the deferred tax with respect to short term timing differences and share based payments have been identified and recognised as part of the FRS 101 deferred tax asset in the Statement of Financial Position.